

Township of Antwerp
Van Buren County, Michigan
**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**
Year ended June 30, 2008

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Township of Antwerp, Michigan

We have audited the accompanying financial statements of the governmental activities, the discretely-presented component unit, each major fund, and the aggregate remaining fund information of the Township of Antwerp, Michigan, as of June 30, 2008, and for the year then ended, which collectively comprise the Township of Antwerp, Michigan's financial statements, as listed in the contents. These financial statements are the responsibility of the Township of Antwerp, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely-presented component unit, each major fund, and the aggregate remaining fund information of the Township of Antwerp, Michigan, as of June 30, 2008, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

The budgetary comparison information, as listed in the contents, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The Township of Antwerp, Michigan, has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.

Siegfried Crandall P.C.

October 7, 2008



1958-2008

BASIC FINANCIAL STATEMENTS

Township of Antwerp
STATEMENT OF NET ASSETS
June 30, 2008

	<u>Primary government</u>	<u>Component unit</u>
	<u>Governmental activities</u>	<u>Mattawan Quick Response</u>
ASSETS		
Current assets:		
Cash	\$ 3,011,837	\$ 83,380
Due from other governmental units	147,839	-
Prepaid expenses	<u>72,076</u>	<u>2,180</u>
Total current assets	<u>3,231,752</u>	<u>85,560</u>
Noncurrent assets:		
Capital assets not being depreciated - land	104,385	-
Capital assets, net of accumulated depreciation	<u>2,943,857</u>	<u>14,314</u>
Total noncurrent assets	<u>3,048,242</u>	<u>14,314</u>
Total assets	<u>6,279,994</u>	<u>99,874</u>
LIABILITIES		
Current liabilities - accounts payable	<u>37,882</u>	<u>-</u>
NET ASSETS		
Invested in capital assets	3,048,242	14,314
Restricted for public safety	1,097,272	-
Unrestricted	<u>2,096,598</u>	<u>85,560</u>
Total net assets	<u>\$ 6,242,112</u>	<u>\$ 99,874</u>

See notes to financial statements

Township of Antwerp
STATEMENT OF ACTIVITIES
Year ended June 30, 2008

Functions/Programs	<u>Expenses</u>	<u>Program revenues</u>		
		<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>
Primary government				
Governmental activities:				
Legislative	\$ 11,232	\$ -	\$ -	\$ -
General government	605,764	191,972	-	-
Public safety	518,469	146,519	59,606	25,355
Public works	138,706	9,164	5,443	-
Community and economic development	<u>50,024</u>	<u>12,711</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,324,195</u>	<u>\$ 360,366</u>	<u>\$ 65,049</u>	<u>\$ 25,355</u>
Component unit				
Mattawan Quick Response	<u>\$ 29,833</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

Taxes
State grants
Franchise fees
Investment income

Total general revenues

Change in net assets

Net assets - beginning

Net assets - ending

***Net (expenses) revenues and
changes in net assets***

<i>Primary government</i>	<i>Component unit</i>
<i>Governmental activities</i>	<i>Mattawan Quick Response</i>
\$ (11,232)	
(413,792)	
(286,989)	
(124,099)	
<u>(37,313)</u>	
<u>(873,425)</u>	
	\$ <u>(29,833)</u>
756,593	27,722
438,600	-
5,753	-
<u>133,872</u>	<u>2,005</u>
<u>1,334,818</u>	<u>29,727</u>
461,393	(106)
<u>5,780,719</u>	<u>99,980</u>
<u>\$ 6,242,112</u>	<u>\$ 99,874</u>

See notes to financial statements

Township of Antwerp
BALANCE SHEET - governmental funds
June 30, 2008

	<u>General</u>	<u>Mattawan Fire</u>	<u>Lawton Fire</u>
ASSETS			
Cash	\$ 1,940,509	\$ 469,023	\$ 419,818
Due from other governmental units	147,839	-	-
Prepaid expenses	<u>31,688</u>	<u>9,900</u>	<u>12,227</u>
Total assets	<u>\$ 2,120,036</u>	<u>\$ 478,923</u>	<u>\$ 432,045</u>
LIABILITIES AND FUND BALANCES			
Liabilities - accounts payable	\$ 23,439	\$ 10,233	\$ -
Fund balances - unreserved	<u>2,096,597</u>	<u>468,690</u>	<u>432,045</u>
Total liabilities and fund balances	<u>\$ 2,120,036</u>	<u>\$ 478,923</u>	<u>\$ 432,045</u>

Total fund balances - *governmental activities*

Amounts reported for *governmental activities* in the statement of net assets (page 5) are different because:

Capital assets used in *governmental activities* are not financial resources and, therefore, are not reported in the funds.

Enterprise fund net assets have been presented in *governmental activities* for reporting purposes.

Net assets of *governmental activities*

<i>Other governmental funds</i>	
<i>Paw Paw Fire</i>	<i>Totals</i>
\$ 110,224	\$ 2,939,574
-	147,839
<u>18,261</u>	<u>72,076</u>
<u>\$ 128,485</u>	<u>\$ 3,159,489</u>
\$ -	\$ 33,672
<u>128,485</u>	<u>3,125,817</u>
<u>\$ 128,485</u>	<u>\$ 3,159,489</u>
	\$ 3,125,817
	3,047,239
	<u>69,056</u>
	<u>\$ 6,242,112</u>

See notes to financial statements

Township of Antwerp

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - governmental funds**

Year ended June 30, 2008

	<u>General</u>	<u>Mattawan Fire</u>	<u>Lawton Fire</u>
REVENUES			
Taxes	\$ 449,648	\$ 277,328	\$ 126,470
State grants	445,268	-	-
Licenses and permits	6,053	-	-
Intergovernmental	-	55,000	-
Charges for services	24,719	-	-
Interest and rentals	97,989	47,104	12,275
Other	21,848	28,737	-
	<u>1,045,525</u>	<u>408,169</u>	<u>138,745</u>
Total revenues			
	<u>1,045,525</u>	<u>408,169</u>	<u>138,745</u>
EXPENDITURES			
Legislative	11,232	-	-
General government	509,373	-	-
Public safety	20,155	137,367	72,863
Public works	403,641	-	-
Community and economic development	50,024	-	-
Capital outlay	72,222	856,951	-
	<u>1,066,647</u>	<u>994,318</u>	<u>72,863</u>
Total expenditures			
	<u>1,066,647</u>	<u>994,318</u>	<u>72,863</u>
NET CHANGE IN FUND BALANCES	(21,122)	(586,149)	65,882
FUND BALANCES - BEGINNING	<u>2,117,719</u>	<u>1,054,839</u>	<u>366,163</u>
FUND BALANCES - ENDING	<u>\$ 2,096,597</u>	<u>\$ 468,690</u>	<u>\$ 432,045</u>

<i>Other governmental funds</i>	
<i>Paw Paw Fire</i>	<i>Totals</i>
\$ 54,426	\$ 907,872
-	445,268
-	6,053
-	55,000
-	24,719
2,649	160,017
-	50,585
<u>57,075</u>	<u>1,649,514</u>
-	11,232
-	509,373
24,771	255,156
-	403,641
-	50,024
-	929,173
<u>24,771</u>	<u>2,158,599</u>
32,304	(509,085)
<u>96,181</u>	<u>3,634,902</u>
<u>\$ 128,485</u>	<u>\$ 3,125,817</u>

See notes to financial statements

Township of Antwerp

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - *governmental funds* (Continued)**

Year ended June 30, 2008

Net change in fund balances - total governmental funds \$ (509,085)

Amounts reported for *governmental activities* in the statement of activities (page 6) are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay (\$1,199,279) exceeded depreciation (\$215,893) in the current period.

983,386

The change in enterprise fund net assets has been presented in *governmental activities* for reporting purposes.

(12,908)

Change in net assets of *governmental activities*

\$ 461,393

Township of Antwerp
STATEMENT OF NET ASSETS - proprietary fund
June 30, 2008

	<u>Building Inspections</u>
ASSETS	
Current assets - cash	\$ 72,263
Noncurrent assets - capital assets, net	<u>1,003</u>
Total assets	<u>73,266</u>
LIABILITIES	
Current liabilities - accounts payable	<u>4,210</u>
NET ASSETS	
Invested in capital assets	1,003
Unrestricted	<u>68,053</u>
Total net assets	<u>\$ 69,056</u>
Net assets, per above	\$ 69,056
Reclassify enterprise fund net assets to governmental activities for reporting purposes	<u>(69,056)</u>
	<u>\$ -</u>

See notes to financial statements

Township of Antwerp
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET ASSETS - *proprietary fund*
Year ended June 30, 2008

	<u><i>Building Inspections</i></u>
OPERATING REVENUES	
Licenses and permits	\$ 136,074
OPERATING EXPENSES	
Public safety	<u>148,982</u>
OPERATING LOSS	(12,908)
NET ASSETS - BEGINNING	<u>81,964</u>
NET ASSETS - ENDING	<u><u>\$ 69,056</u></u>
 Operating loss	 \$ (12,908)
 Reclassify the change in enterprise fund net assets as <i>governmental activities</i> for reporting purposes	 <u>12,908</u>
	<u><u>\$ -</u></u>

See notes to financial statements

Township of Antwerp
STATEMENT OF CASH FLOWS - proprietary fund
Year ended June 30, 2008

	<u>Building Inspections</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 136,074
Payments to suppliers	(39,002)
Payments to employees	<u>(109,501)</u>
Net change in cash	(12,429)
CASH - BEGINNING	<u>84,692</u>
CASH - ENDING	<u><u>\$ 72,263</u></u>
 Reconciliation of operating loss to net cash used in operating activities	
Operating loss	\$ (12,908)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	241
Increase in payables	<u>238</u>
 Net cash used in operating activities	 <u><u>\$ (12,429)</u></u>

See notes to financial statements

Township of Antwerp
STATEMENT OF NET ASSETS - *fiduciary funds*
June 30, 2008

ASSETS

Cash	\$ <u>14,708</u>
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LIABILITIES

Due to other governmental units	\$ <u>14,708</u>
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See notes to financial statements

Township of Antwerp
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Township of Antwerp, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governmental units. The following is a summary of the significant accounting policies:

a) Reporting entity:

In accordance with generally accepted accounting principles and Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, these financial statements present the Township and its component unit, an entity for which the government is considered to be financially accountable. The discretely-presented component unit is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the Township.

Discretely-presented component unit:

Mattawan Quick Response

Mattawan Quick Response meets the criteria of a component unit and has been included in the Township's government-wide financial statements as a discretely-presented component unit. Mattawan Quick Response is reported in a separate column to emphasize it is legally separate from the Township. Separate financial statements of the component unit have not been issued, as management believes these government-wide financial statements, including disclosures, contain complete information so as to constitute a fair presentation of the component unit. The component unit is economically dependent on the primary government.

b) Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. The effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues. The primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. The major individual governmental funds are reported as separate columns in the fund financial statements.

c) Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the economic resources, measurement focus, and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the

Township of Antwerp
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) Measurement focus, basis of accounting, and financial statement presentation (continued):

timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government generally considers property tax revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Township.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds relate to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

The government reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Mattawan Fire Fund accounts for the operations of the Mattawan Fire Department with the funding coming from an extra-voted tax millage.

The Lawton Fire Fund accounts for the operations of the Lawton Fire Department with the funding coming from an extra-voted tax millage.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of GASB. The government has elected not to follow subsequent private-sector standards.

Township of Antwerp
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) Measurement focus, basis of accounting, and financial statement presentation (continued):

Amounts reported as program revenue include charges to customers or applicants for goods, services, or privileges provided. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes and interest income.

d) Assets, liabilities, and net assets or equity:

i) Bank deposits - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired.

ii) Receivables and payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds."

All receivables are considered to be fully collectible.

iii) Prepaid items - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

iv) Capital assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., major road improvements), are reported in the governmental column in the government-wide financial statements. Capital assets, other than infrastructure, are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The Township includes shared road costs in its infrastructure. These costs represent the Township's portion of public road improvements for roads within the Township, which are owned by the County of Van Buren.

As permitted by generally accepted accounting principles the Township has elected to report only these infrastructure assets acquired after June 30, 2003.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20 - 40 years
Equipment	5 - 7 years
Vehicles	5 - 15 years
Shared road costs	20 years

Township of Antwerp
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) Assets, liabilities, and net assets or equity (continued):

v) Fund equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

vi) Property tax revenue recognition - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, the total levy is recognized as revenue in the current year.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, department, and line items. The legal level of budgetary control adopted by the governing body is the functional level. Amounts encumbered for purchase orders, contracts, etc., are tracked during the year. Budget appropriations are considered to be spent once the goods are delivered or the services rendered.

The following schedule sets forth significant budget variations:

<u>Fund</u>	<u>Function</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance</u>
General	Community and economic development	\$ 42,750	\$ 50,024	\$ (7,274)
Mattawan Fire	Capital outlay	75,000	856,951	(781,951)

NOTE 3 - DEPOSITS:

The Township's deposits, as shown in the government-wide statement of net assets are as follows:

	<u>Governmental activities</u>	<u>Fiduciary</u>	<u>Primary government</u>	<u>Component unit</u>	<u>Total</u>
Deposits	\$ 3,011,417	\$ 14,708	\$ 3,026,125	\$ 83,380	\$ 3,109,505
Cash on hand	<u>420</u>	<u>-</u>	<u>420</u>	<u>-</u>	<u>420</u>
Total	<u>\$ 3,011,837</u>	<u>\$ 14,708</u>	<u>\$ 3,026,545</u>	<u>\$ 83,380</u>	<u>\$ 3,109,925</u>

State statutes and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Township's deposits are in accordance with statutory authority.

Township of Antwerp
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 3 - DEPOSITS (Continued):

Custodial credit risk is the risk that, in the event of the failure of a financial institution, the Township will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by federal depository insurance and are uncollateralized. At June 30, 2008, \$2,471,457 of the primary government's bank balances of \$3,097,024 was exposed to custodial credit risk because it was uninsured and uncollateralized.

The component unit's cash is deposited with financial institutions authorized by statute. At June 30, 2008, none of the component unit's bank balance of \$83,380 was exposed to custodial credit risk.

The Township believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

NOTE 4 - CAPITAL ASSETS:

Capital asset activity of the primary government for the current year was as follows:

	<i>Beginning balance</i>	<i>Increases</i>	<i>Decreases</i>	<i>Ending balance</i>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 104,385	\$ -	\$ -	\$ 104,385
Construction in progress	30,000	-	(30,000)	-
Subtotal	134,385	-	(30,000)	104,385
Capital assets being depreciated:				
Buildings and improvements	1,853,145	-	-	1,853,145
Land improvements	153,212	61,892	-	215,104
Equipment	405,916	32,339	-	438,255
Vehicles	779,150	785,189	63,885	1,628,224
Infrastructure - shared road costs	610,342	349,618	-	959,960
Subtotal	3,801,765	1,229,038	63,885	5,094,688
Less accumulated depreciation for:				
Buildings and improvements	(1,154,801)	(74,203)	-	(1,229,004)
Land improvements	(34,466)	(9,957)	-	(44,423)
Equipment	(264,601)	(23,080)	-	(287,681)
Vehicles	(357,192)	(56,421)	(63,885)	(477,498)
Infrastructure	(59,993)	(52,232)	-	(112,225)
Subtotal	(1,871,053)	(215,893)	(63,885)	(2,150,831)
Total capital assets being depreciated, net	1,930,712	1,013,145	-	2,943,857
Governmental activities capital assets, net	\$ 2,065,097	\$ 1,013,145	\$ (30,000)	\$ 3,048,242

Township of Antwerp
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - CAPITAL ASSETS (Continued):

Depreciation expense was charged to programs of the primary government as follows:

General government	\$ 86,091
Public safety	75,119
Public works	<u>54,683</u>
Total	<u>\$215,893</u>

Capital asset activity of the component unit for the current year was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Component unit:				
Capital assets being depreciated - equipment	\$ 20,848	\$ -	\$ -	\$ 20,848
Less accumulated depreciation	<u>(4,449)</u>	<u>(2,085)</u>	<u>-</u>	<u>(6,534)</u>
Component unit capital assets, net	<u>\$ 16,399</u>	<u>\$ (2,085)</u>	<u>\$ -</u>	<u>\$ 14,314</u>

NOTE 5 - PAYABLES:

	<u>Accounts</u>	<u>Accrued liabilities</u>	<u>Deposits</u>	<u>Totals</u>
Governmental activities:				
General	\$ 7,689	\$ 8,417	\$ 7,333	\$ 23,439
Mattawan Fire	<u>10,233</u>	<u>-</u>	<u>-</u>	<u>10,233</u>
Total governmental activities	17,922	8,417	7,333	33,672
Business-type activities:				
Building Inspections	<u>2,942</u>	<u>1,268</u>	<u>-</u>	<u>4,210</u>
Total	<u>\$ 20,864</u>	<u>\$ 9,685</u>	<u>\$ 7,333</u>	<u>\$ 37,882</u>

NOTE 6 - JOINT VENTURES:

a) Lawton Fire Department Board of Commissioners:

The Township is a member of the Lawton Fire Department Board of Commissioners (the Fire Board), which is a joint venture of the Townships of Antwerp and Porter, and the Village of Lawton. The Administrative Board of the Fire Board consists of six members, which consists of two members appointed by each participating unit. The Fire Board was formed to jointly provide fire protection services within the combined service area, which encompasses the participating municipalities. During the year ended June 30, 2008, the Township of Antwerp contributed \$72,863 as its proportionate share of the Fire Board's budgeted costs. Complete audited financial statements for the Fire Board can be obtained from the Village of Lawton.

Township of Antwerp
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - JOINT VENTURES (Continued):

b) Paw Paw Fire Department Board:

The Township is a member of the Paw Paw Fire Department Board (the Department), which is a joint venture of the Townships of Antwerp, Almena, Paw Paw, and Waverly, and the Village of Paw Paw. The Administrative Board of the Department consists of members appointed by each participating unit. The Department was formed to jointly provide fire protection services within the combined service area, which encompasses the participating municipalities. During the year ended June 30, 2008, the Township of Antwerp contributed \$24,771 as its proportionate share of the Department's budgeted costs. Complete audited financial statements for the Department can be obtained from the Treasurer of the Department.

NOTE 7 - DEFINED CONTRIBUTION PENSION PLAN:

The Township provides pension benefits through a defined contribution pension plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Michigan state statute assigns the authority to establish and amend benefit provisions to the Township Board of Trustees. All members of the Township Board and all Township employees employed for more than 20 hours per week on a regular basis are eligible to participate. Eligible employees may begin participating on the date the plan started, or on the first day of the month coincident with, or immediately following, their date of employment, if later. Eligible employees must defer 5% of their basic annual compensation. The Township will match 300% of the employee's contribution. All of the Township's contributions for each participating employee (and interest allocated to the employee's account) are fully vested on the day the employee is eligible to participate in the plan. The Township is not a trustee of the plan, nor is the Township responsible for investment management of plan assets.

The Township and its employees made required contributions of \$46,203 and \$15,401, respectively.

NOTE 8 - RISK MANAGEMENT:

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured, nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

REQUIRED SUPPLEMENTARY INFORMATION

Township of Antwerp**BUDGETARY COMPARISON SCHEDULE - General Fund**

Year ended June 30, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Taxes	\$ 520,000	\$ 520,000	\$ 449,648	\$ (70,352)
State grants	469,400	469,400	445,268	(24,132)
Licenses and permits	6,500	6,500	6,053	(447)
Charges for services	54,500	54,500	24,719	(29,781)
Interest and rentals	88,000	88,000	97,989	9,989
Other	13,800	13,800	21,848	8,048
Total revenues	<u>1,152,200</u>	<u>1,152,200</u>	<u>1,045,525</u>	<u>(106,675)</u>
EXPENDITURES				
Legislative	10,600	10,600	11,232	(632)
General government	601,896	601,896	509,373	92,523
Public safety	30,900	30,900	20,155	10,745
Public works	416,550	416,550	403,641	12,909
Community and economic development	42,750	42,750	50,024	(7,274)
Capital outlay	83,000	83,000	72,222	10,778
Total expenditures	<u>1,185,696</u>	<u>1,185,696</u>	<u>1,066,647</u>	<u>119,049</u>
NET CHANGE IN FUND BALANCES	(33,496)	(33,496)	(21,122)	12,374
FUND BALANCES - BEGINNING	<u>2,117,719</u>	<u>2,117,719</u>	<u>2,117,719</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 2,084,223</u>	<u>\$ 2,084,223</u>	<u>\$ 2,096,597</u>	<u>\$ 12,374</u>

Township of Antwerp
BUDGETARY COMPARISON SCHEDULE - Mattawan Fire Fund
Year ended June 30, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Taxes	\$ 251,144	\$ 251,144	\$ 277,328	\$ 26,184
State grants	-	-	-	-
Contributions from other governmental units	45,833	45,833	55,000	9,167
Interest and rentals	27,662	27,662	47,104	19,442
Other	-	-	28,737	28,737
Total revenues	<u>324,639</u>	<u>324,639</u>	<u>408,169</u>	<u>83,530</u>
EXPENDITURES				
Public safety	172,800	172,800	137,367	35,433
Capital outlay	<u>75,000</u>	<u>75,000</u>	<u>856,951</u>	<u>(781,951)</u>
Total expenditures	<u>247,800</u>	<u>247,800</u>	<u>994,318</u>	<u>(746,518)</u>
NET CHANGE IN FUND BALANCES	76,839	76,839	(586,149)	(662,988)
FUND BALANCES - BEGINNING	<u>1,054,839</u>	<u>1,054,839</u>	<u>1,054,839</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 1,131,678</u>	<u>\$ 1,131,678</u>	<u>\$ 468,690</u>	<u>\$ (662,988)</u>

Township of Antwerp
BUDGETARY COMPARISON SCHEDULE - Lawton Fire Fund
Year ended June 30, 2008

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Taxes	\$ 141,790	\$ 141,790	\$ 126,470	\$ (15,320)
Interest	<u>9,504</u>	<u>9,504</u>	<u>12,275</u>	<u>2,771</u>
Total revenues	151,294	151,294	138,745	(12,549)
EXPENDITURES				
Public safety	<u>119,810</u>	<u>119,810</u>	<u>72,863</u>	<u>46,947</u>
NET CHANGE IN FUND BALANCES	31,484	31,484	65,882	34,398
FUND BALANCES - BEGINNING	<u>366,163</u>	<u>366,163</u>	<u>366,163</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 397,647</u>	<u>\$ 397,647</u>	<u>\$ 432,045</u>	<u>\$ 34,398</u>

October 7, 2008

To the Board of Trustees
Township of Antwerp

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Antwerp for the year ended June 30, 2008, and have issued our report thereon dated October 7, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated July 2, 2008, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Township of Antwerp are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2008. We noted no transactions entered into by the Township of Antwerp during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was capital asset depreciation.

Management's estimate of the capital asset depreciation is based on the estimated useful lives of the Township's capital assets. We evaluated the key factors and assumptions used to develop the capital asset depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.



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The disclosures in the financial statements are neutral, consistent, and clear.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. Management has recorded all of our proposed audit adjustments.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter associated with the audits for the year ended June 30, 2008.

Other Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Township of Antwerp's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Communication Regarding Internal Control

In planning and performing our audit of the financial statements of the Township of Antwerp as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Township of Antwerp's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Our consideration of internal control included procedures to evaluate the design of controls relevant to an audit of financial statements and to determine whether they have been implemented, but it did not include procedures to test the operating effectiveness of controls and, accordingly, was not directed to discovering significant deficiencies in internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

The Township has not implemented a system of controls to prepare financial statements in accordance with U.S. generally accepted accounting principles, including procedures to achieve the objectives of recording revenue and expense accruals, the capitalization and depreciation of capital assets, and the presentation of financial statement disclosures. This is a recurring comment. The Township has determined that the additional benefits derived from implementing such a system would not outweigh the costs incurred to do so.

This communication is intended solely for the information and use of the Board of Trustees of the Township of Antwerp and the State of Michigan Department of Treasury and is not intended to be and should not be used by anyone other than these specified parties.

Sigfried Crandall P.C.